



State of Arizona Accounting Manual

Topic 50 Travel

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Section 65 Vendor and Other Non-employee Travel

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INTRODUCTION

Not infrequently, the State finds itself in a position of paying the travel-related expenses of its vendors, contractors and other non-employees, such as unpaid interns, volunteers, out-of-state job candidates, witnesses, prisoners and others in the custody of the State. This section of SAAM establishes the policies and procedures for making such payments.

POLICY

1. Agreements between State agencies and vendors and other non-employees of any description or legal form, including intergovernmental agreements, should clearly stipulate and limit the types of travel that may be reimbursed and the reimbursement rates that shall apply.
2. To provide equity among payees and to control costs, agencies are strongly encouraged to use State Travel Policy, including its restrictions and reimbursement rates, whenever practicable.
3. Absent written agreement to the contrary, State Travel Policy, its restrictions and reimbursement rates are to be used in reimbursing vendors and other non-employees for travel costs incurred by them when conducting State business.
 - 3.1. If State travel rates for a contracted vendor or other non-employee prove to be unattainable, Federal rates for mileage, meals and lodging may be incorporated into the contract and the vendor or other non-employee may be reimbursed up to such rates.
 - 3.2. Any contract or agreement that would involve reimbursing a vendor or other non-employee for meals, lodging or mileage at rates higher than those promulgated by the U.S. General Services Administration must be submitted to the State Comptroller for approval.
4. Each agency may develop procedures pertaining to the reimbursement of travel costs to vendors and other non-employees.
 - 4.1. These procedures must be consistent with this statewide policy, which may be incorporated by reference.
 - 4.2. Absent an agency-specific policy, this statewide policy applies.

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5. All reimbursements related to travel shall be for a valid public purpose and limited to available spending authority and cash.
6. The benefit to the public must demonstrably outweigh the cost associated with travel reimbursements.
7. Travel costs paid to vendors and other non-employees must always be paid on a reimbursement basis:
 - 7.1. Public monies are not to be advanced to vendors or other non-employees for travel.
 - 7.2. Only the actual costs, in the case of meals, lodging and common carrier fares, may be reimbursed.
 - 7.3. Vendors or other non-employees may be reimbursed for mileage at the published State reimbursement rates.
8. Travel costs paid to vendors or other non-employees must always be supported by appropriate documentation. Credit card slips or statements, by themselves, are not appropriate documentation. Appropriate documentation, in the case of:
 - 8.1. A meal, requires original, detailed receipts. The detail is necessary to substantiate not only the entire cost of a meal, but to ensure that the State does not inadvertently pay for an alcoholic beverage as part of the meal.
 - 8.2. Lodging, requires original, detailed receipts. The detail is necessary to substantiate not only the entire cost of a stay, but to ensure that the State does not inadvertently pay for movies, gym usage, green fees, unauthorized parking, etc.
9. The IRS does not require that travel reimbursements paid to independent contractors or other non-employees be reported on Forms 1099 if the expenses are substantiated and paid in accordance with State policy.
 - 9.1. Original documentation substantiating the travel reimbursements to vendors or other non-employees not to be reported to the IRS must be collected and retained by the paying agency.
 - 9.2. The practice of not reporting the payment of vendor or other non-employee travel reimbursements should, though legal, to the extent practicable, be avoided as it imposes additional recordkeeping requirements and the costs associated with that recordkeeping upon the paying agency.
10. Reimbursements of vendor or other non-employee travel must be coded to the appropriate expenditure object (6291 or 6293, as applicable).
11. As with any other expenditure, suitable internal controls, including segregation of duties sufficient to assure that no single person has control over transactions

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involving the reimbursement of vendor or other non-employee travel expenses, must be implemented and maintained.

12. The agency head or his designee is responsible for assuring that all travel reimbursements result from approved, official State business.
13. *Travel-related expenses of vendors, contractors and employees of other governments or entities.*
 - 13.1. Unless specifically otherwise provided, travel-related expenses of vendors, contractors, and employees of other governments or entities may only be made on an after-the-fact, reimbursement basis. After-the-fact in these circumstances means after both the expense has been incurred and the travel has been completed. This restriction extends to such expenditures normally paid in advance on behalf of employees, such as airfare and lodging and to other expenditures frequently involving travel such as training and conference attendance.
 - 13.2. Though not directly paying for the airfare of a vendor, contractor, or employee of another government or entity, the agency may specify a limit on the reimbursement amount to that which the agency would have paid had it arranged the travel. This can be accomplished by printing out the display of an online travel booking service as of the date when the need for travel is confirmed and communicated to the vendor or contractor. Both the cost to the State and the reasonable convenience of the traveler should be taken into account.
 - 13.3. It needs be borne in mind that in the event of a cancellation of airfare, rather than a refund, a credit for future travel may be issued to the contractor or vendor. If the traveler were a vendor, contractor, or employee of another government or entity no longer engaged by the State, recovery of this credit would perhaps prove difficult and costly; risk to the State under such circumstances is greater than it would be were the traveler an employee.
 - 13.4. A vendor, contractor, or employee of another government or entity is either effectively self-employed (no matter the business form) or the employee of an entity other than the State. In either event, pre-paying travel costs for such an individual or entity would constitute an advance to a non-public entity under A.R.S. § 35-181.01 and SAAM 4530.
 - 13.5. Vendors, contractors, and employees of other governments or organizations are not employees of the State. In order to reduce the likelihood that such individuals might be determined to be common law employees, the State's dealings with them are to be similar to those involved in dealing with any other business or entity. This means that payments must not be made directly to an individual but rather to the employer of that individual.
14. *Travel-related expenses of unpaid interns, volunteers, witnesses, prisoners and others in the custody of the State.*

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- 14.1. Common carrier fares may, if necessary, be pre-paid to transport unpaid interns, volunteers, witnesses, prisoners and others in the custody of the State.
- 14.2. Lodging charges may, if necessary, be pre-paid to transport unpaid interns, volunteers, witnesses, prisoners and others in the custody of the State, subject to the same rates that apply to State employees.
- 14.3. As appropriate and necessary, meals may be purchased for or provided to witnesses as well as prisoners and others in the custody of the State at the time of consumption, irrespective of travel status, using the same rates that apply to State employees.
- 14.4. Unpaid interns, volunteers and witnesses should be reimbursed for appropriate and necessary meals purchased in travel status on an after-the-fact basis using the same restrictions and rates that apply to State employees.
15. *Travel-related expenses of out-of-state job candidates.*
 - 15.1. This policy incorporates, in its entirety, HRD's policy ASPS/HRD-PA3.01, *Transportation or Other Travel Expenses for Interviews of Out of State Candidates*, found at <https://hr.az.gov/Statewide-Policies-Guidelines-and-Bulletins>.
 - 15.2. Expenditures for out-of-state job candidates may be posted, without further breakout, to expenditure object 6699.
16. Vendors, contractors, volunteers, interns, witnesses and employees of other governments or entities may not be issued a travel advance or an Employee Travel Card (ETC).